



General Assembly

February Session, 2016

Raised Bill No. 5574

LCO No. 2660



Referred to Committee on COMMERCE

Introduced by:
(CE)

***AN ACT CONCERNING STRANDED RESEARCH AND DEVELOPMENT
TAX CREDITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2016*) (a) As used in this section:
- 2 (1) "Accumulated credits" means the amount of credits allowed, in
3 accordance with the provisions of section 12-217n of the general
4 statutes, that have not been taken through an applicant's last income
5 year completed prior to the date of an application submitted as
6 provided in subsection (b) of this section. The amount of such
7 accumulated credits shall be subject to confirmation, in accordance
8 with the provisions of title 12 of the general statutes, by the
9 Commissioner of Revenue Services in consultation with the
10 commissioner.
- 11 (2) "Commissioner" means the Commissioner of Economic and
12 Community Development.
- 13 (3) "Eligible expenditures" means those expenditures made or

14 incurred in this state by a business in furtherance of a capital project
15 approved by the commissioner under subsection (b) of this section,
16 including, but not limited to, (A) expenditures with respect to
17 buildings, improvements, property, plants and equipment, and
18 expenses directly related to such expenditures, such as design work,
19 professional fees, surveys and site preparation, remediation and clean-
20 up, demolition, moving and renovation expenses, and (B) expenditures
21 with respect to personal property.

22 (b) The Commissioner of Economic and Community Development
23 shall establish and administer a program to allow businesses in the
24 state to exchange accumulated tax credits for payments of eligible
25 expenditures in support of capital projects in the state that propose to
26 (1) expand the scale or scope of such business, (2) increase
27 employment at such business, or (3) generate a substantial return to
28 the state economy. A business seeking to exchange accumulated tax
29 credits for payments in support of a capital project under this section
30 shall apply to the commissioner, on forms provided by the
31 commissioner, an application that shall include, but not be limited to:
32 (A) A detailed plan outlining the capital project, (B) the term of such
33 project, (C) the estimated costs of such project, and (D) the amount of
34 accumulated credits the eligible taxpayer proposes it be allowed to
35 exchange in connection with such project. The commissioner may
36 approve an application if he or she determines that such project would
37 generate direct and indirect economic benefits to the state that exceed
38 the amount of the accumulated tax credits proposed to be exchanged.

39 (c) The payment by the state of amounts directly attributable to the
40 exchange of accumulated credits in connection with an application
41 approved under subsection (b) of this section may be made in the
42 form, timing and manner determined by the commissioner, including
43 as an offset or refund of state taxes otherwise payable by the eligible
44 taxpayer under the provisions of chapters 208 and 219 of the general
45 statutes. To the extent that such payments involve the offset or refund
46 of state taxes, such payments shall be made in consultation with the

47 Commissioner of Revenue Services.

48 (d) The commissioner shall adopt regulations, in accordance with
49 the provisions of chapter 54 of the general statutes, to implement the
50 provisions of this section.

51 (e) Not later than July 1, 2017, and annually thereafter, the
52 commissioner shall submit a report, in accordance with the provisions
53 of section 11-4a of the general statutes, to the joint standing committees
54 of the General Assembly having cognizance of matters relating to
55 commerce and finance. Such report shall include (1) information on the
56 number of applications received and the number of applications
57 approved under this section, (2) the status of the capital projects
58 associated with such approved applications, and (3) the amount of
59 accumulated credits that have been exchanged in connection with such
60 capital projects.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	New section

Statement of Purpose:

To allow businesses with unused research and development tax credits to exchange such credits for payments in support of capital projects in the state.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]